

# Fiscal Note

*Fiscal Services Division*



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**SF 475** – Education Omnibus (LSB1489SV.1)

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Fiscal Note Version – As amended and passed by the Senate

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## **Description**

[Senate File 475](#) makes a variety of changes to the Iowa Code regarding education. Of the seven divisions of the Bill, two will have a fiscal impact, two may have a fiscal impact but the extent of fiscal impact is indeterminable, and three are expected to have little or no fiscal impact.

- Fiscal impact: Divisions II, IV
- Possible, but indeterminable fiscal impact: Divisions I, V
- Little or no fiscal impact: Divisions III, VI, VII

The two divisions that are expected to have a fiscal impact relate to career and technical education classes and the creation of an Area Education Agency (AEA) review task force. The costs of Division VI, which creates a biliteracy seal for high school graduates showing proficiency in a second language, may be offset by a nominal fee that the Department of Education is permitted to charge for the production of the seal.

## **Divisions I and V**

### **Background**

Divisions I and V both pertain to various provisions regarding online education. Division I rescinds the limitations on the number of students statewide enrolled in and receiving their education through a primarily online method. It also requires that the State Board of Education adopt rules for school districts using online curriculum regarding online course content, and to ensure that the content is aligned to Iowa Core standards.

Division V creates a provision that the resident district of an open-enrolled student may retain no more than 15.0% of the State cost per pupil of the previous year for the purpose of covering the cost of the student participating in a cocurricular or extracurricular activity at the student's district of residence. The district must consider the complete prorated cost for the student's participation in the activity and may charge whichever is lesser – 15.0% or the prorated cost of the activity. For FY 2018, 15.0% of the cost per pupil would be \$988.65. This provision will also affect districts that have students who are open-enrolled for the purpose of receiving online education, who are included in this section.

### **Assumptions**

It is not possible to determine how many districts may choose to offer open enrollment online, or at what cost, as districts will be able to contract with both private and public institutions. It is not possible to determine how many students open enrolling may choose to return to their resident district for the purpose of cocurricular or extracurricular activities.

### **Fiscal Impact**

It is not possible to determine the fiscal impact to schools of Divisions I or V. There is not expected to be a fiscal impact to the State for either Division.

## Division II

### Background

Division II of SF 475 deals with concurrent enrollment in community college classes and creates an exception to the “supplement not supplant” requirements under Iowa Code section [257.11](#) for one or more career and technical education (CTE) classes falling under a single technical educational area. Currently, a school district may contract with a local community college to offer math, liberal arts, and science courses, which generates supplementary weighting in the school aid formula aimed at covering part of the cost of those classes. CTE classes offered under these agreements are not eligible for supplementary weighting if they are supplanting other courses. Under this Division, if the class is supplanting a course in math, science, or liberal arts, it will be eligible for supplementary weighting, generating funds for schools within the school aid formula, if the class has more than five students enrolled and the school district has fewer than 600 students enrolled.

### Assumptions

Assumptions include:

- School districts currently offering CTE classes will, when available and appropriate, supplant math, science, or liberal arts classes with a CTE class to generate supplementary weighting. Using the most recent available data, there are 41 courses across 26 school districts that could be eligible.
- School districts will not be able to participate until FY 2019, as their enrollment information for FY 2018 has already been certified by the Department of Education.
- State cost per pupil (CPP) is set at \$6,664 per student, and district CPP is used when applicable.
- Property tax replacement payment (PTRP) is set at \$83 per student.
- Weighting is applied as appropriate to the type of class, either 0.70 or 0.46.

### Fiscal Impact

There is no fiscal impact of Division II in FY 2018 because school districts have already submitted their concurrent enrollment counts for their FY 2018 budgets. In FY 2019, the new CTE exception may generate up to \$146,949 for schools through supplementary weighting in the school aid formula. This is the maximum possible amount that may be generated, and it may not generate this much if all school districts do not participate in the first year. At the maximum number of currently available courses, this represents a \$129,419 increase in State aid and a \$17,530 increase in property taxes.

**Table 1 – Fiscal Impact of Division II**

	<u>FY 2018</u>	<u>Est. FY 2019</u>
State Aid Increase	\$ 0	\$ 129,419
Property Taxes Increase	\$ 0	\$ 17,530
Total	<u>\$ 0</u>	<u>\$ 146,949</u>

## **Division III**

### **Background**

In 2007 and 2008, the General Assembly enacted requirements that parents have their children's dental (2007) and vision (2008) health screened before their children begin attending school. These requirements were updated in 2013. This Division of the Bill creates a working group to review the best practices for implementing necessary student health screening while reducing administrative requirements on school districts.

### **Assumptions**

The working group will be made up of 18 representatives from nine stakeholder organizations, who will be selected by their respective entities.

### **Fiscal Impact**

The Department of Education and the Iowa Department of Public Health report that due to budgetary restrictions, they do not plan to offer mileage reimbursement or lunches for the working group's meetings. Due to this, there is not expected to be a fiscal impact.

## **Division IV**

### **Background**

Iowa's AEAs were established in 1974 as a means of identifying and serving children requiring special education services. Since then, the duties of the AEAs have expanded to include general school district support, such as school and community planning, professional development, and curriculum, instruction, and assessment evaluation. This Division of the Bill creates a 26-member AEA Review Task Force to review AEA essential services and provide a report to the General Assembly no later than November 17, 2017. The Division specifies Task Force membership and committee charge.

### **Assumptions**

Assumptions include:

- The task force will be made up of 26 members from various stakeholder groups across the State, including four legislators who will receive per diem.
- There will be five meetings of the task force.
- Lunch will be provided for members at the meetings.
- Mileage will be paid to non-State employee members at a rate of \$0.39 per mile, and these members will travel an average of 50 miles to the meetings.
- Department of Education staff time is not included in the estimate.

### **Fiscal Impact**

Estimated total cost of the task force is \$6,315. Division IV tasks the Department of Education with providing support and staffing the task force, as well as providing four members.

### **Fiscal Impact – All Divisions**

**Table 2** outlines every Bill Division's known fiscal impact. For FY 2018, the Bill results in a net increase in expenditures by Departments of an estimated \$6,315. In FY 2019, the beginning of eligibility of CTE classes for supplementary weights results in a net increase in General Fund expenditures via school State aid of \$129,419 and an increase to property taxes of \$17,530.

**Table 2 – Estimated Fiscal Impact of All Divisions, General Fund**

<b>Division</b>	<b>Provision</b>	<b>Fiscal Impact - FY 2018</b>	<b>Fiscal Impact - FY 2019</b>
I	Online Education, Open Enrollment	Fiscal impact cannot be determined	Fiscal impact cannot be determined
II	Concurrent Enrollment, CTE Exception	No expected fiscal impact	Increase, estimated maximum \$129,419
III	Student Health Working Group	No expected fiscal impact	Not applicable
IV	AEA Task Force	Increase, \$6,615	Not applicable
V	Open Enrollment, Extracurricular Activity Fee	Fiscal impact cannot be determined	Fiscal impact cannot be determined
VI	Department of Education - Biliteracy Seal	No expected fiscal impact	No expected fiscal impact
VII	Limitation on Department of Education Guidance	No expected fiscal impact	No expected fiscal impact
Total Known Impact		\$ 3,315	\$ 129,419

**Sources**

Department of Education  
Department of Public Health  
LSA analysis and calculations

/s/ Holly M. Lyons

March 28, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.